

**Work Opportunity Tax Credit (WOTC)  
Program & Welfare-to-Work WtW  
Tax Credit**

***Technical Assistance &  
Compliance Review Guide***  
(November 2002)

**U.S. Employment Service & ALMIS/OWS  
U.S. Department of Labor/ETA  
Washington, D.C.**

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## **Work Opportunity Tax Credit (WOTC) Program and Welfare-to-Work (WtW) Tax Credit Review Guide**

### **REVIEW INSTRUMENT:**

The review guide is designed for use by the U.S. Department of Labor, WOTC/WtW National and/or Regional Office (RO) staff, which perform quarterly and/or annual program reviews. The standards used in evaluating a State Workforce Agency's (SWA) or Designated Local Agency's (DLA) performance are those prescribed by Congressional legislation, Federal regulations (i.e., IRS Code of 1986, as amended), and ETA policy guidance (November 1998, Second Ed., ETA Handbook No. 408).

The guide has been updated and formatted in Achecklist@form to facilitate the work of the reviewer. It is divided into nine parts as follows: Parts I. Fiscal Review; II. Program Management/Organization; III. Program Operations; IV. Worksheet A. ADocument Review Form;@ V. Record Keeping; VI. Verification Procedures; VII. SWA's/DLA's Use of ETA Form 9059 - Report No. 3, AVerification Results;@ VIII. Conditional Certification Process; and IX. Related and Support Activities. Worksheet B, ASummary of Findings and Recommendations@is divided into three parts: Findings, Recommendations, and Corrective Action Plan. The last three forms are provided as samples to aid the reviewer in preparing the final report which is to be submitted to the corresponding SWA/DLA and National Office.

### **TRANSMITTAL OF WOTC/WtW SUMMARY REPORT:**

When prepared by the WOTC/WtW Regional Coordinator, the Summary Report and one copy shall be transmitted to the State agency and the National Office respectively, as an enclosure to a cover letter from the Regional Administrator (RA), within 15 working days following completion of the on-site review(s). One copy shall be retained at the RO.

If the report includes any findings of non-compliance or major deficiencies, a copy of the transmittal letter, the report, corrective action plan (if required) or TA proposed, agency response, and any further correspondence shall be sent to the National Office, Attn: WOTC/WtW National Coordinator, USES/ALMIS, within a reasonable period of time of remedial actions and completion of follow-up review by the WOTC/WtW Regional Coordinator.

### **BURDEN STATEMENT:**

It is expected that, under normal circumstances, the national and/or regional coordinator(s) should conduct this type of review in one day or an eight-hour period.

# WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST FY

**STATE:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

## **I. Fiscal Review:**

1. State's annual Federal funding allocation: \$

	YES	NO
a. Operates w/in budgeted amounts. If NO, explain.		
b. Any significant over or under-expenditures? Explain. (Check latest qtrly rpt. of planned vs actual expenditures)		
c. Other.		

## **II. Program Management, Organization.**

1. Structure & WOTC/WtW staff responsibilities system in place.

**Organizational structure & staffing at state & local offices= levels.**

a. State Level. All processing & verification system centralized.

\* Powers of Attorney (POA) for Employer Reps in place. \_\_\_ Original \_\_\_ Copy

\* Existing POAs : Validity Period \_\_\_ Expired \_\_\_ Current If expired for how long? \_\_\_ yrs. \_\_\_ mos.

Identify No.      Type of staff (FTEs)      % of Time Spent on WOTC/WtW

b. Local Office (LO) Level. Receive PSNs and certify.

c. LO - issues Conditional Certifications only.

d. PAs - issue Conditional Certifications  
Indicate PAs:

e. MOUs w/PAs in place.

Updated every 6 12 24 mos.

f. LO - involved in promotional activities to employers/job seekers only. Explain.

Indicate types of promo/marketing materials produced or used  
(Secure copies of materials)

2. SWA Coord. trains and /or provides TA to staff & PAs. If not, who?

Frequency of Training to Staff: **(Circle one)** Every 3 6 9 mos. To PAs: Every 3 6 9 mos.

Frequency of TA to Staff: **(Circle one)** Every 3 6 9 mos. To Pas: Every 3 6 9 mos.(07/02)

**CONTINUATION SHEET.****WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST  
FY****STATE:** \_\_\_\_\_**DATE:** \_\_\_\_\_

<b>III. Program Operations.</b>		
	<b>YES</b>	<b>NO</b>
1. Written Requests=Files for individuals hired maintained in state central office		
a. If all processing is done at the state level are any files kept at the LO?		
b. SWA has fully/partial automated system for processing certification requests		
c. Has electronic access to HHH/USDA welfare/food stamps records for verification		
d. Process for establishing timely submission of 8850s in place. Explain.		
e. Process for classifying the 8850s upon receipt in place. Explain.		
f. System for matching ETA 9061 w/8850 if not received w/8850 in place. Explain.		
g. Procedure for obtaining documentary evidence in place. Explain.		
h. Procedure for verifying legitimacy of POA in place. Explain.		
i. Employers/representatives are notified if there are pros. w/the Certif. Request. Within 48 hrs.; 10; 20; 30; 60 days. (Circle one)  Describe process, w/time frames, follow-up and closure of case file (Attach description to this form)		
j. Priorities or time lapse targets for issuing certifications are in place. Explain.		
k. State Coordinator issues Certifications/Denials.  All SWA WOTC/WtW staff issue Certifications/Denials.		
l. Priorities or time lapse targets for issuing denials are in place. Explain. (Collect sample of denial form(s))		
m. States Certification procedures fulfill all required steps in ETA Handbook No. 408.		
n. Procedures are accomplished w/in time periods in proportion w/ workload & funds		

**(Cont. Sheet) Pages: \_\_\_\_\_ of \_\_\_\_\_**

**WOTC /WtW TAX CREDITS - DOCUMENT REVIEW FORM**

**FY** \_\_\_\_\_

**Type of Document:** \_\_\_\_\_

**Universe Size:** \_\_\_\_\_

**Sample Size:** \_\_\_\_\_

**Period Reviewed:**

**State:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**Reviewer:**

#### IV. Eligibility Determination & Certification Process

# WORKSHEET A.

[illegible]

[illegible]

**CONTINUATION SHEET.****WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST  
FY****State:** \_\_\_\_\_**DATE:** \_\_\_\_\_

<b>V. Record Keeping.</b>		
	<b>YES</b>	<b>NO</b>
1. Adequate forms used for information collection, recording and filing, during case file review. Explain.		
a. All documents pertaining to the case being revised are kept together in one place.		
b. Adequate facilities for 4-year retention. Explain.		
c. Are complete case files maintained for ineligibility determinations and for others not processed? Explain.		
d. Agency provides for retention of all documentation at least 4-yrs., after a Certification is invalidated.		
<b>VI. Verification Procedures.</b>		
1. State utilizes adequate Quality Control processes as follows:		
a. 48-hour Review		
b. ETA Form 9065		
c. End of Qtr Sample - ETA Form 9059		
d. Other (Pls., describe, explain)		
2. If State conducts a 48-hour review?		
a. Who performs this review?		
b. What kind of training was provided to this person in preparation of this responsibility?		
c. Is there some kind of notation on the case file that the 48-hr. Review took place, the date and who completed the review? Explain.		
d. No. of cases reviewed:		
e. A certification was properly issued in each case.		
f. If not, list each case and explain discrepancies and how these were addressed.		

# WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST

**FY**

**State:** \_\_\_\_\_

**DATE:**

	YES	NO
2. If State does not conduct a 48-hour review, explain what Internal Controls are in place to assure that Certifications are being properly issued? Explain.		
a. State issues a rather large no. of Ade-certifications.		
b. Inadequate internal AQuality Controls.		
c. No AQuality Control system in place.		
3. State has Averification system in place.		
a. When is sample selected?      Weekly ____      Monthly ____      Quarterly		
b. Sample is statistically random selected.		
c. Verification activities are performed and documented. <b>Frequency:</b> Daily__ Weekly__ Monthly		
d. Verification data obtained for at least the required Asample percentage.		
e. Process to document a withdrawal of certification follows policy guidance in ETA Handbook 408. Explain.		
f. Explain adequacy &/or differences between processing activities conducted at State Acentralized level and those conducted at a Acentralized LO level. <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;"> <u>State Centralized System</u> </div> <div style="text-align: center;"> <u>LO System</u> </div> </div>		



**CONTINUATION SHEET.****WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST  
FY****State:** \_\_\_\_\_**DATE:** \_\_\_\_\_**VII. Analysis of State's Use of ETA Form 9059, A Verification Results® for WOTC/WtW, Report No. 3.**

(A sample should be taken from all previous ETA 9059s submitted since the last RO review)

1. Quarters Reviewed:

2. No. of cases examined during this post-review:

3. Samples were drawn statewide.

**YES****NO**

4. Sample(s) was (were) randomly drawn and in accordance w/the guidance ETA Handbook 408.

What method was used to select if different from the one recommended by the Handbook?

5. Sample size meets standards outlined in ETA Handbook 408

Universe Size: \_\_\_\_\_ Sample Size: \_\_\_\_\_ No. Certified: \_\_\_\_\_ No. Ineligible:

Total No. Cases Reviewed:

6. ETA Verification Form 9065 was completed for each sample.

7. If ETA Form 9065 is not used describe the Quarterly Review Process the State uses including how the findings are maintained.

8. Auditor was different from original certification issuer.

9. Verification activities conducted by State meet the Minimum Federal Standards.

10. FINDINGS: Significant Deficiencies (Use next sheet if necessary)

11. Recommendations/Corrective Action Plan (Use next sheet if necessary)

WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST  
FY

State: \_\_\_\_\_

DATE: \_\_\_\_\_

10. FINDINGS: Significant Deficiencies (Continued)

11. Recommendations/Corrective Action Plan:

# WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST FY

**State:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

## VIII. Conditional Certification (CC) Process

1. The State has delegated the CC responsibility to Participating Agencies (PAs).	<b>YES</b>	<b>NO</b>
2. List all PAs which issue CCs		
3. The State has entered into written agreement or MOUs with: SOME, ALL, NONE of the PAs.		
4. Written agreements w/PAs describe the CC authority and whether or not this authority extends to ALL target groups or just one.		
5. Agreements are reviewed and updated every 3, 6, 12 months. If not explain.		
6. How are PAs informed of changes to WOTC/WtW procedures or changes in State policies?		
7. State has provided orientation & training to the PAs=staff in the past 6 or 12 months. (Circle one)  In what form? Explain training.		
8. State provides TA to the PAs every 1, 3, 6, 9, 12, mos., or on an as needed basis.		
9. State issues Certifications to WOTC/WtW eligible participants who seek employment w/CCs issued by Job Corps centers.		
10. No. of Certifications issued to Job Corps applicants in FY : Q1_____ Q2_____ Q3_____ & Q4_____		
11. State reviews the CCs it issues for accuracy and consistency, completeness. If yes, HOW?		
12. PAs review the CCs they issue for accuracy and consistency, completeness. If yes, HOW?		
13. State conducts a quality audit of the CCs issued by the PAs every 3, 6, 12 months. <i>(Note to Reviewer: Reviewer should select a random sample of CCs on file (copies are OK) to determine accuracy and completeness and make sure they use ETA 9062.)</i>		

**CONTINUATION SHEET.** **Pages:** \_\_\_\_ **of** \_\_\_\_  
**WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST**  
**FY**

**CONTINUATION SHEET.** **Pages:** \_\_\_\_ **of** \_\_\_\_  
**WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST**  
**FY**

**CONTINUATION SHEET.** **Pages:** \_\_\_\_ **of** \_\_\_\_  
**WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST**  
**FY**

**DATE:**

14. No. of CCs revalidated by the State for: Q1\_\_\_\_\_ Q2\_\_\_\_\_ Q3\_\_\_\_\_ & Q4\_\_\_\_\_

15. No. of CCs revalidated by the Pas for: Q1\_\_\_\_\_ Q2\_\_\_\_\_ Q3\_\_\_\_\_ & Q4\_\_\_\_\_

**IX. Related & Support Activities= Review.** Note. This information may be obtained from: documents=review, observation of activities, and/or via interviews w/staff. Not all questions will apply to all States. Answers to these 4 questions should also be reported in WORKSHEET B.

1. Are there significant delays in meeting target dates for initiating or completing any work plan activities? Report size and aging of any backlogs. Describe circumstances/reasons for backlogs.

2. Have the [Quarterly@reports](mailto:Quarterly@reports) been submitted in a timely manner and do they accurately reflect activities during the quarter as required by: ***ETA Handbook No. 408***?

3. Have the procurements for any specialized technical equipment (e.g., computer related) or for other resources been made in a timely fashion, in accordance with the Cost Reimbursable Grant specifications, appropriate State procedures and/or work plans?

4. Are there any administrative or operational problems which hinder the implementation and progress of the WOTC program and the WtW Tax Credit?

**WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST  
FY**

*Summary of Findings and Recommendations*

**State:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**Reviewer:** \_\_\_\_\_

***FINDINGS:***

Summary of Findings and Recommendations

State: \_\_\_\_\_

DATE: \_\_\_\_\_

Reviewer: \_\_\_\_\_

Recommendations:

**WOTC PROGRAM & WtW TAX CREDIT REVIEW CHECKLIST**  
**FY**

*Summary of Findings and Recommendations*

**State:** \_\_\_\_\_ **DATE:** \_\_\_\_\_ **Reviewer:** \_\_\_\_\_

*Corrective Action Plan:*